

Message Text

LIMITED OFFICIAL USE

PAGE 01 CANBER 05815 290815Z

16

ACTION EA-09

INFO OCT-01 EUR-12 IO-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 FEA-01

/111 W

----- 004999

R 290644Z AUG 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6477

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PORT MORESBY

AMCONSUL PERTH

AMCONSUL SYDNEY

USDEL MTN GENEVA

USMISSION OECD PARIS

CINCPAC

LIMITED OFFICIAL USE CANBERRA 5815

CINCPAC FOR POLAD

EO 11652: N/A

TAGS: ECIN, EFIN, AS

SUBJ: LIBERAL/COUNTRY PARTY ALTERNATIVE TO PROPOSED GOA FY 76

FEDERAL BUDGET

REF: (A) CANBERRA A-109 NOTAL (B) CANBERRA 5630

1. SUMMARY: OPPOSITION LEADER FRASER PRESENTED LIBERAL/CP
ALTERNATIVE BUDGET IN PARLIAMENT AUGUST 26. EMPHASIS IN ALTERNATIVE
PROPOSALS WAS ON INCREASED BUDGETARY MEASURES TO STIMULATE
BUSINESS AND INVESTMENT ACTIVITY. OPPOSITION SPECIFICALLY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CANBER 05815 290815Z

ENDORSED MOVEMENTS TOWARD INDEXATION OF CORPORATE AND PERSONAL

INCOME TAXES AND OTHER MEASURES AT REVENUE COST OF ABOUT \$A1 BILLION. FRASER PROPOSED EQUIVALENT CUTS IN PUBLIC SPENDING TO KEEP DOMESTIC DEFICIT AT APPROXIMATE \$A2 BILLION LEVEL PROVIDED IN TREASURER'S BUDGET. END SUMMARY.

2. MAIN TAX AND SUBSIDY PROPOSALS WERE (A) ADDITIONAL \$A500 MILLION CUT IN INDIVIDUAL INCOME TAXES AS A FIRST STEP TOWARDS THE TAX INDEXATION MEASURES AS PROPOSED BY THE MATHEWS COMMITTEE (REF A). (B) IMMEDIATE PARTIAL INTRODUCTION OF THE INVENTORY VALUATION ADJUSTMENT PROPOSALS OF THE MATHEWS COMMITTEE AS THE FIRST STEP IN A THREE-YEAR PROGRAM TO ACCEPT THE FULL RECOMMENDATION, WHILE MAINTAINING CORPORATE TAX AT PRESENT LEVEL, (C) INTRODUCTION OF 40 PCT. INVESTMENT ALLOWANCE TO SUPERSEDE THE DOUBLE-DEPRECIATION ALLOWANCE, (D) SUSPENSION OF BEEF EXPORT LEVY AND INTRODUCTION OF WELFARE PAYMENTS FOR BEEF GROWERS, (E) RESTORATION OF SUPERPHOSPHATE BOUNTY.

3. ON EXPENDITURE ACCOUNT FRASER LISTED NUMEROUS REDUCTIONS, ALTHOUGH NOT WHOLLY ACCOUNTING FOR REDUCTIONS NECESSARY TO BALANCE PROPOSED REVENUE REDUCTIONS. MAIN PROPOSALS INCLUDED (A) ZERO GROWTH RATE FOR PUBLIC SERVICE, (B) ELIMINATION OF NUMEROUS OVERHEAD GOVERNMENT BODIES (BUT NOT OF THEIR MAJOR ACTIVITIES), (C) SLOWDOWN IN PUBLIC WORKS, (D) RETURN OF SOME PIPELINE PROJECTS TO PRIVATE SECTOR, (E) MARGINAL REDUCTIONS IN VARIOUS APPROPRIATIONS AND ADVANCES.

4. EMBASSY COMMENT: IN ADVANCE OF FRASER BUDGET SPEECH, OBSERVERS GENERALLY BELIEVED OPPOSITION WOULD HAVE DIFFICULTY MOUNTING MORE THAN PERIPHERAL ATTACK ON TREASURER'S BUDGET, SINCE LATTER HAD SUBSTANTIALLY PRUNED EXPENDITURE AND CURBED PROJECTED DEFICIT. IN FACT, FRASER APPEARS ACCURATELY TO HAVE SINGLED OUT FOR CONCENTRATION THE PRINCIPAL WEAKNESS OF THE TREASURER'S BUDGET, NAMELY THE LIMITED ENCOURAGEMENT IT PROVIDES FOR REVIVAL OF BUSINESS AND INVESTMENT ACTIVITY. SPECIFICALLY, FRASER TAKES ISSUE WITH TREASURER'S DECISION THAT COST TO REVENUE OF TAX INDEXATION MAKES ADOPTION IN COMING YEAR IMPOSSIBLE DESPITE AGREED DESIRABILITY OF SUCH MOVE FROM INVESTMENT STANDPOINT. WHILE FRASER PROPOSALS FOR COMPENSATING CUTS IN PUBLIC EXPENDITURE REPRESENT COURAGEOUS ATTEMPT TO GRAPPLE WITH PROBLEM TRADITIONALLY EVADED BY HIS OPPOSITION PREDECESSORS, IN PRACTICE HIS SPECIFIC PRO-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CANBER 05815 290815Z

POSALS FOR CUTS ACCOUNT FOR ONLY ABOUT ONE-HALF OF COST OF INITIATING INDEXATION AND OTHER MEASURES AND THERE IS ROOM FOR HONEST DOUBT WHETHER SOME OF THESE SPECIFIC SAVINGS NOT OVERESTIMATED. NEVERTHELESS, FRASER DESERVES CREDIT FOR FOCUSING DEBATE DIRECTLY ON A FUNDAMENTAL ISSUE - REVIVAL OF PRIVATE INVESTMENT AND BUSINESS ACTIVITY, AS WELL AS FOR FACING UP BETTER THAN HIS PREDECESSORS TO THE TRADITIONAL CHALLENGE TO SPECIFY WHERE HE WOULD CUT PUBLIC EXPENDITURE.

5. IN PRACTICE, FRASER'S PURPOSE IS CLEARLY TO ESTABLISH A PLATFORM ON WHICH TO STAND IN THE EVENT OF 1976 ELECTIONS BECAUSE HE HAS REITERATED THAT THE OPPOSITION, WHILE OPPOSING THE BUDGET IN THE GOVERNMENT-CONTROLLED HOUSE OF REPRESENTATIVES, WILL NOT USE OPPOSITION NUMBERS IN THE SENATE TO DEFEAT THE BUDGET. ON BALANCE, FRASER'S PERFORMANCE IN THE TRADITIONAL EXCHANGE OVER THE BUDGET HAS ENHANCED HIS PUBLIC STATURE BUT HIS DECISION TO ALLOW THE TREASURER'S BUDGET TO GO THROUGH PARLIAMENT IS A CALCULATED RISK SINCE IT GUARANTEES THE GOVERNMENT SEVERAL ADDITIONAL MONTHS OF LIFE DURING WHICH ITS ELECTORAL PROSPECTS CAN HARDLY DETERIORATE AND MIGHT CONCEIVABLY IMPROVE.
PERCIVAL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, TAX LAW, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER05815
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750299-0906
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975082/aaaaabhp.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CANBERRA A-109, 75 CANBERRA 5630
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by ShawDG>; APPROVED <29 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LIBERAL/COUNTRY PARTY ALTERNATIVE TO PROPOSED GOA FY 76 FEDERAL BUDGET
TAGS: ECIN, EFIN, AS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006